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DIMOCK STRATTON CLARIZIO LLP
Box 102
3202 - 20 Queen Street West
TORONTO Ontario
M5H 3R3

Application No.	:	**2,424,432**
Owner	:	SWISS REINSURANCE COMPANY
Title	:	***ON-LINE REINSURANCE CAPACITY AUCTION SYSTEM AND METHOD***
Classification	:	G06F-17/60
Your File No.	:	**1049-33/JLW**
Examiner	:	P. Ebsen

*YOU ARE HEREBY NOTIFIED OF A REQUISITION BY THE EXAMINER IN ACCORDANCE WITH SUBSECTION 30(2) OF THE PATENT RULES. IN ORDER TO AVOID ABANDONMENT UNDER PARAGRAPH 73(1)(A) OF THE PATENT ACT, A WRITTEN REPLY MUST BE RECEIVED WITHIN **6 MONTHS** AFTER THE ABOVE DATE.*

This application has been examined taking into account applicant's correspondence received in this office on November 19, 2003.

The application contains method claims 1 to 45, 54 to 56 and system claims 46 to 53.

References re-applied

Canadian patent

2,180,995	January 12, 1998	G06F 17/60	Lymburner et al.

United States patent

6,023,685	February 8, 2000	G06F 17/60	Brett et al.

Reference applied

Publication

The Insurance Industry: The eCommerce Imperative
Deloitte & Touche

January 2000
www.dttgfsi.com/publications/pdf_files/insurance.ecommerce.pdf
www.loma.org/cyboct00.asp

Lymburner et al. disclose an auction system which allows users to participate in the auction using their own computer. The user is removed from the process once an indication to purchase has been received. The invention is directed to a method of auctioning products on-line by maintaining computer database product information, assigning a designated time for the product to be auctioned and decreasing the price of the product as a function of the time remaining in the auction process. Purchasers display instructions of purchase thereby providing dynamic feedback to other potential purchasers during the auction.

Brett et al. disclose an automated event ticket auctioning system that receives and evaluates bid information records. The bid information record corresponds to bids for one or more seats within a venue and at least one particular event, wherein the venue has a plurality of sections, each section having a plurality of seats.

The summary report by Deloitte & Touche describes the insurance industry and e-commerce. Online B2B exchanges between buyers and sellers are discussed on page 13. The article states that the placement of commercial insurance and reinsurance are examples of coverages that are ideally suited to the online exchange concept. A reverse auction of an insurance mall is described on page 15, in which consumers provide their coverage needs and price range they which to pay for those coverages.

Non-patentable subject matter

The subject matter of this application is directed to a method and system for selling and procuring reinsurance. Reinsurance is a contract between an insurance company (the primary insurer) and a further insurance company to cover part of the risk. The application proposes the reverse auction method wherein primary insurers commit to buying at their respective offered bids, a certain amount of capacity (the amount the reinsurance company agrees to insure). The primary insurers are each obligated to take a portion of the maximum capacity as determined by the reinsurer. Although the application suggests that electronic networks such as the Internet be used (page 9) no new system is taught. The hardware components described are conventional and their selection is not crucial to the subject matter. The software components are undefined, leaving the design and creation to other skilled persons, pages 10ff. This points to the scheme itself of using existing technology of determining a reference price and an index to determine an auction ranking of the bids in the auction. However, it is a matter of judgment

and professional skill on the part of the auctioneer to determine the criteria to be used in the ranking of bids. As stated on page 18, the criteria described in the application are nor exhaustive and are not intended to limit the reverse auction system. The proposed method and system is not patentable subject matter under section 2 of the Patent Act.

Although there is considered to be no patentable subject matter in the present application, the additional objections are made for completeness.

Obviousness

Sexton et al. claim a method of forming a life insurance plan for an insurable life comprising steps that are similar to those of the present invention for selling re-insurance. After determining a capacity for the insurance product to be sold, the product is placed for sale through an auction. The idea of selling an item through an auction on the Internet is old and has been demonstrated many times. An example of a method for holding an auction of a plurality of articles in a computer environment is elaborated by Lymburner et al. The site for auctioning a product on-line comprises at least one web server computer for serving several computer browsers, and provides the browsers with the capabilities to participate in various auctions, where each auction deals with a single product, at specified times (claim 4). In the present invention, the auction employs the Internet (claim 4) and provides an electronic exchange for standardized risks, specifically a B2B eCommerce application. The implementation of an auction with the use of worldwide web-based applications (Internet), would have been obvious on the claim date to a person skilled in the art or science to which they pertain having regard to Lymburner et al. Claim 7 defines the bids comprising at least a bid amount and an indication of the amount of desired capacity which makes the auction partial. Brett et al. teach an event auctioning system which receives and evaluates bid information records, said bid information records corresponding to bids for one or more seats. Herein, the method disclosed by Brett et al. shows the possibility of having a partial quantity of product in online auctions. The claims on file do not comply with Section 28.3 of the Patent Act. The subject matter of these claims would have been obvious on the claim date to a person skilled in the art or science to which they pertain having regard to Lymburner et al. or Brett et al. in view of common knowledge of using reverse auction for reinsurance contracting as taught by Deloitte & Touche.

Lack of disclosure

The application states that the proposed method can be implemented with existing technology, via the Internet or any private electronic communication network (page 9), but does not explain how any system or software could be created, or what structure they would have. Nor is it clear how the software can be made to cause the computer to rank the various scenarios described in figures 5-8. The specification and drawings do not describe the necessary hardware, software, data structures and interactions sufficiently for one skilled in the art to make and work the subject matter as envisioned. Therefore, the application fails to comply with subsection 27(3) of the Patent Act.

It was argued that the application lays claim only to a very specific type of auction, namely the auctioning of a reinsurance product. Considering claim 1, for example, the claim has an artificial limitation to *selling reinsurance. The latter phrase* can just as well be replaced by *selling green cheese* or other products. The claim is not restricted to a very specific auctioning process other than through the product which is to be auctioned in the process.

It was contended in the correspondence that the present application is the first to suggest a combination of an auction system and the insurance or reinsurance business. The publication by Deloitte & Touche refutes that statement, describing reverse auctions for the insurance industry. The article states further that

> *The placement of commercial insurance and reinsurance are examples of coverages that are ideally suited to the online exchange concept.*

In view of the foregoing defects, the applicant is requisitioned, under Subsection 30(2) of the Patent Rules, to amend the application in order to comply with the Patent Act and the Patent Rules or to provide arguments as to why the application does comply.

Under Section 34 of the Patent Rules, any amendment made in response to this requisition must be accompanied by a statement explaining the nature thereof, and how it overcomes each of the above objections.

P. Ebsen
Patent Examiner
(819) 997-2338
2424432C.wpd